

# **Single-Family Housing Development Program Guidelines**



**Mobile County, Alabama**

**October 13, 2014**

## Contents

1. Summary .....	3
2. Application and Evaluation Procedure .....	3
A. Funding Availability .....	4
B. Submission of Materials .....	4
3. Project Funding Requirements.....	4
A. Eligibility Criteria .....	4
B. Eligible Costs.....	5
C. Property Standards.....	6
D. Sales Price.....	8
E. Eligible Homebuyers.....	8
F. Environmental Review Requirements.....	8
G. Other Federal Requirements.....	9
4. Ongoing Project Requirements .....	11
A. Deadlines .....	11
B. Reporting and Record Keeping.....	12
C. Conflict of Interest.....	12
5. Structure of Transaction.....	13
A. Loan Types and Terms .....	13
B. Guarantees .....	13
C. HOME Agreement .....	13
6. Underwriting & Subsidy Layering Reviews.....	14
A. Project Underwriting .....	14
B. Proforma Requirements.....	14
C. Cost Limitations.....	15
D. Other Public Funding Sources .....	15
7. Construction Process.....	16
A. County Construction Inspections .....	16
B. Davis Bacon .....	16
C. Drawing County HOME Funds .....	16
D. Project Closeout .....	16
Exhibit A - Application Requirements and Due Diligence Exhibits.....	17
Exhibit B - HUD Maximum Purchase Price Limits.....	20

## 1. Summary

The Mobile County Commission (the County) supports the construction of new affordable single-family homebuyer units for low income households with its annual funding allocation from the U. S. Department of Housing and Urban Development's (HUD) HOME Investment Partnerships Program (HOME program). The HOME program was created under Title 11 of the Cranston-Gonzalez National Affordable Housing Act of 1990 with implementing regulations at 24 CFR Part 92. HOME funds became available in 1992. The HOME Program is intended to achieve four specific goals:

- To expand the supply of decent, safe, sanitary, and affordable housing with the primary focus on housing for low, very low, and extremely low-income families.
- Expand the capacity of nonprofit and Community Housing Development Organizations (CHDO) to plan and implement strategies for developing affordable housing.
- To strengthen the ability of local governments to design and implement strategies for achieving adequate supplies of decent, affordable housing.
- To encourage public, private, and non-profit partnerships to address affordable housing needs.

The County's HOME funds will be used to provide financing to projects located within the Mobile County Consortium jurisdiction. The County's program will target housing in eligible areas that will be marketed and sold to people who are at or below 80% of the Mobile area's median family income ("AMI"). In exchange for development financing, Developers will agree to comply with the requirements set forth herein with respect to construction, marketing, and sales.

**This document sets forth the requirements for the County's awards of HOME funds for Single-Family Housing Development projects and may be modified from time to time so as to comply with statutory or regulatory amendments.**

## 2. Application and Evaluation Procedure

The County will generally issue a Single-Family Housing Development RFP on an annual basis. The RFP will outline specific application deadlines, any funding focus (e.g. by project type, etc.), and other special considerations applied to a given funding round. Applications for HOME Single-Family Housing Development funding can be submitted at any time throughout the program year. If submitted outside of an RFP period, the County may consider an application



based on the availability of funding, or such applications will be reviewed as a part of the County's next Single-Family Housing Development RFP process.

#### **A. Funding Availability**

Upon submission of a proposal for HOME funds, County staff will conduct a review and analysis of the project and developers as presented in the proposal. Proposals will be scored based on criteria in the RFP. Regardless of strict numerical ranking, the scoring does not operate to vest in an applicant or project any right to a commitment of HOME funds. The County will, in all instances, commit HOME funds consistent with sound and reasonable judgment, prudent business practices, and the exercise of its inherent discretion.

Only projects with firm commitments for all other sources of funding may receive binding commitments. Further, eligible Single-Family Housing development projects will be provided funding commitments upon Commission approval and may be contingent upon the 1) County's approval of the Mobile County Consortium Action Plan by the Mobile County Commission and HUD; 2) the County's receipt of HOME funds from HUD; and 3) the County's receipt of the HUD Authority to Use Grant Funds following completion of the Environmental Review process.

#### **B. Submission of Materials**

All HOME Single-Family Housing Development program applicants will need to comply with the submission criteria set forth in the County's HOME request for proposals and submit supporting documentation and due diligence items identified in Exhibit A. The County reserves the right to require the submission of additional information as needed to complete project underwriting.

### **3. Project Funding Requirements**

#### **A. Eligibility Criteria**

##### **Eligible Developer Applicants**

The County will fund developers of affordable single-family homebuyer units, including for-profit developers, non-profit developers, and County-designated CHDOs, with County HOME Single-Family Housing Development program funds. Developers must demonstrate the capacity and previous experience developing projects of the type presented in their proposals. Prior to committing funds, the County will review the status of any organization seeking funds from the CHDO set-aside to ensure that it meets all HOME requirements and that it has sufficient staff capacity to carry out the project.



### **Project Location**

Projects must be located within the Mobile County Consortium jurisdiction, which includes the following areas:

- Town of Bayou la Batre,
- Town of Creola,
- Town of Mount Vernon,
- City of Chickasaw,
- City of Citronelle,
- City of Prichard,
- City of Saraland,
- City of Satsuma,
- City of Semmes
- All of the unincorporated area of Mobile County, Alabama.

Projects located within the City of Mobile and the Town of Dauphin Island are not eligible.

If a member of the consortium ceases its participation or if another local jurisdiction joins, this list may change and be updated by the County from time to time.

### **Project Types**

Funds will be provided for new construction projects. In general, the County will require that all homes constructed have a minimum square footage of 1,100, at least 3 bedrooms, and at least 1.5 bathrooms. RFPs issued by the County may further specify or provide priority for eligible project types.

### **Parameters of HOME Investment**

Applications must include an investment of not less than \$1,000 in HOME funds per HOME unit. In no case will the County investment exceed the maximum HOME investment allowed under 24 CFR 92.250.

Additionally, for projects involving both County and State HOME funds, the combined HOME funding investment shall not exceed the total maximum HOME investment allowed under 24 CFR 92.250.

Typically, the County will also establish a maximum cap on its investment in a single home. Such a limit will be based on the availability of funding and other County priorities and will be addressed in any RFP issued by the County.

## **B. Eligible Costs**

Costs funded with the County's HOME funds must be eligible according to HOME Final Rule 24 CFR 92.206. The following additional limitations also apply:

- i. HOME funds shall not be used for luxury improvements according to 24 CFR 92.205.

- ii. Acquisition costs shall be supported by an independent appraisal of the property. Acquisition costs exceeding the appraised value of the property will be ineligible for HOME funding reimbursement.
- iii. HOME funds shall not be used for non-residential accessory structures such as free-standing garages, carports, or storage structures. Applicants must delineate project costs in a manner that allows free-standing structures to be clearly paid for using other project funds.

#### **County Eligible Project Soft Costs**

The HOME program allows the County to include, as project costs, its internal soft costs specifically attributable to a HOME project. These may include consulting, legal, inspection, and staff costs associated with reviewing, processing, and overseeing the award of funds to the project. Projects must provide budget allowances for "Mobile County-Lender Due Diligence & Legal Costs" in the project's sources and uses.

The County will provide allowances/estimates to be used by applicants in any RFP issued.

#### **Cost Reasonableness**

Per the requirements of 92.250(b) and 2 CFR 225 (formerly known as OMB Circular A-87), all project costs must be reasonable, whether paid directly with HOME funds or not. The County will review project costs, including hard and soft costs, to evaluate their reasonableness and may, at its option, require applicants to obtain additional quotes, bids, or estimates of costs.

#### **Identity of Interest**

Developers must disclose any identity of interest situations that may occur when contracting with related companies during either the development or ongoing operation of the project. County staff must be allowed the opportunity to conduct a cost analysis to determine costs reasonableness. Applications may be determined ineligible if access is not granted or costs are determined to be unreasonable.

### **C. Property Standards**

To meet both HOME regulations and County goals, all HOME-funded projects must meet certain physical standards intended to provide quality affordable housing that is durable and energy efficient.

- i. Construction must meet all local codes.

Mobile County has adopted and enforces the following codes with amendments:



- 2012 International Building Code
  - 2012 International Residential Code (as amended by the 2013 Mobile County Coastal Construction Supplement)
  - 2012 International Mechanical Code
  - 2009 International Energy Conservation Code (as amended by the Alabama Energy and Residential Codes)
  - 2012 International Existing Building Code
  - 2011 National Electric Code
  - Chapter 11 of the 2009 International Residential Code (as amended by the Alabama Energy and Residential Codes)
- ii. All HOME projects must meet applicable Section 504/UFAS requirements. Pursuant to 24 CFR 8.29, single-family housing developed with Federal funds must be made accessible upon the request of the prospective buyer if the nature of the prospective occupant's disability so requires. Developers must ensure that projects are designed in a way that can accommodate such a request. Should a prospective buyer request a modification to make a unit accessible, Developer must work with the homebuyer to provide the specific features that meet the need(s) of the prospective homebuyer or occupant. If the design features that are needed for the buyer are design features that are covered in UFAS, those features must comply with the UFAS standard. Developers may be permitted to depart from the standard in order to have the homebuyer/occupant's needs met.
- iii. Site shall be served by public sewer, public water, and public road. Sites should have ready access to recreational opportunities such as parks, playgrounds, etc., nearby shopping and services including grocery, banking, and medical facilities, and otherwise be located in neighborhoods that provide amenities that support residential development. The County also generally prefers that sites have safe, walkable connections—including sidewalks—to the surrounding neighborhood;
- iv. Site shall be in a designated Fire District or served by a Fire Department;
- v. Units must be equipped with the following appliances: Refrigerator, range/oven, dishwasher, and garbage disposal. Developers may also propose to include in-unit clothes washers and dryers, microwave/vent fan combination units, as appropriate. If the Energy Star program rates the type of appliances being installed, the developer must furnish the units with Energy Star rated appliances. Note however that not all appliances are rated by the Energy Star program.
- vi.

#### D. Sales Price

Housing developed with HOME funds must be modest, and the sales/purchase prices for homes developed under this program cannot exceed the HOME Homeownership Value Limits published by HUD in effect at the time of project commitment. The County will identify the applicable limits in any RFP issued.

Units produced under the County's Single-Family Housing Development program must be sold at the fair market value as determined by an "as-completed" or "subject to completion" appraisal completed by an independent state licensed appraiser. Developers shall submit such an appraisal prior to project commitment, and the County may require an updated appraisal prior to construction completion if the appraisal is more than 9 months old at that point. Any reductions in list or sales price below the County-approved appraised value must be approved in writing by the County and will generally require updated market information.

#### E. Eligible Homebuyers

Homebuyers for units produced under the County's Single-Family Housing Development program must meet the eligibility criteria set forth in the County's Affordable Homes Homebuyer Assistance Program (AHHAP) guidelines.

#### F. Environmental Review Requirements

Federally-assisted projects are subject to a variety of environmental requirements. Developers should be familiar with these requirements and are strongly encouraged to discuss any questions they have with County staff prior to entering into a purchase agreement or submitting an application.

- i. All projects shall be implemented in accordance with environmental review regulations as defined 24 CFR Part 58.
- ii. The County shall be responsible for conducting the environmental review and completing all necessary public notifications, and the request for release of funds (RROF) from HUD. The applicant is responsible for cooperating with the County in the environmental review process and providing information necessary for the County to fulfill its responsibilities under Part 58 and other applicable regulations.
- iii. Submitting an application for HOME funds triggers environmental review requirements under 24 CFR 58, including the National Environmental Policy Act (NEPA). Once an application for federal funds is submitted, a development proposal is now subject to the environmental review requirements and requires an environmental clearance and issuance of a Release of Funds (ROF) by the US Department of Housing and Urban Development.



- iv. Developers are prohibited from undertaking or committing or expending any funds to (including non-federal funds) any physical or choice-limiting actions on the site prior to an environmental clearance as required by Part 58. Physical and choice limiting actions include, but are not limited to, property acquisition, demolition, movement, rehabilitation, conversion, repair or construction. This prohibition applies regardless of whether federal or non-federal funds are used, and taking a choice limiting action prior to completion of the required environmental clearance process will result in the denial of any HOME funds from the County.

## G. Other Federal Requirements

### **Nondiscrimination and Equal Opportunity**

The following federal nondiscrimination and equal opportunity guidelines apply to all projects and affect both development and sales of assisted housing:

- i. The Fair Housing Act (42 U.S.C. 3601-19) and implementing regulations at 24 CFR part 100 et seq.;
- ii. Executive Order 11063, as amended by Executive Order 12259 (3 CFR, 1959-1963 Comp., p. 652 and 3 CFR, 1980 Comp., p. 307) (Equal Opportunity in Housing Programs) and implementing regulations at 24 CFR part 107;
- iii. Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d- 2000d-4) (Nondiscrimination in Federally Assisted Programs) and implementing regulations at 24 CFR part 1
- iv. The Age Discrimination Act of 1975 (42 U.S.C. 6101-6107) and implementing regulations at 24 CFR part 146
- v. Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at part 8 of this title
- vi. Title II of the Americans with Disabilities Act, 42 U.S.C. 12101 et seq.; 24 CFR part 8; Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) and implementing regulations at 24 CFR part 135;
- vii. Executive Order 11246, as amended by Executive Orders 11375, [[Page 41]] 11478, 12086, and 12107 (3 CFR, 1964-1965 Comp., p. 339; 3 CFR, 1966- 1970 Comp., p. 684; 3 CFR, 1966-1970 Comp., p. 803; 3 CFR, 1978 Comp., p. 230; and 3 CFR, 1978 Comp., p. 264, respectively) (Equal Employment Opportunity Programs) and implementing regulations at 41 CFR chapter 60;
- viii. Executive Order 11625, as amended by Executive Order 12007 (3 CFR, 1971- 1975 Comp., p. 616 and 3 CFR, 1977 Comp., p. 139) (Minority Business Enterprises);

Executive Order 12432 (3 CFR, 1983 Comp., p. 198) (Minority Business Enterprise Development).

- ix. Executive Order 12138, as amended by Executive Order 12608 (3 CFR, 1977 Comp., p. 393 and 3 CFR, 1987 Comp., p. 245) (Women's Business Enterprise). The nondiscrimination provisions of Section 282 of the National Affordable Housing Act of 1982.

#### **Uniform Relocation Act (URA)**

All projects fall under requirements of the URA. Any project resulting in permanent relocation/displacement of households will not be funded by the County. Applicants must further document that any purchase of property meets the requirements of URA, including provision of notices to the seller identifying the transaction as a voluntary sale not under the threat of eminent domain. To ensure compliance with URA, applicants should consult the County to understand the requirements of URA and reference the URA forms included in the RFP prior to submitting an application involving an occupied property.

#### **Davis Bacon**

Davis Bacon federal prevailing wage requirements shall apply to all projects with 12 or more units assisted with HOME funds.

#### **Minority Business Enterprise and Women Business Enterprise (MBE/WBE) Plan**

Developers must maintain a MBE/WBE plan that demonstrates marketing and solicitation of MBE/WBE businesses and contractors for the construction of the project.

#### **Section 3**

Developers must maintain a Section 3 plan that demonstrates a marketing plan to include Section 3 contractors in the construction of the project.

#### **Excluded Parties**

The County will not fund projects owned, developed, or otherwise sponsored by any individual, corporation, or other entity that is suspended, debarred, or otherwise precluded from receiving federal awards. Nor may the developer contract with any other entity (including but not limited to builders/general contractors, property management companies, or other members of the development team) that are suspended, debarred, or otherwise so precluded. Similarly, the general contractor will be required to determine that subcontractors are not so precluded.



## 4. Ongoing Project Requirements

### A. Deadlines

- **Construction Start-** If construction is not started within 12 months of the date the County commits funds to a project, the commitment will be subject to cancellation. If the project is cancelled as a result of failure to meet this deadline, the Developer must repay to the County any HOME funds disbursed for the project.
- **Completion Deadline-** Project completion occurs when construction is complete, all HOME funds have been disbursed by the County and drawn from the US Treasury, title to the property has transferred to an eligible buyer, and required completion data has been entered in HUD's IDIS system. Project completion must occur within 2 years of the date of commitment of funds to the project. If the Developer fails to meet this 2-year deadline, it must repay to the County any HOME funds disbursed for the project.
- **Sales Deadline-** Pursuant to 24 CFR 92.254(a)(3), Developers must have a ratified sales contract with an eligible buyer for each HOME-funded unit within nine (9) months of completion of construction or the unsold units must be converted to rental housing or the project will be deemed ineligible and all HOME funds drawn must be repaid to HUD.

If a unit is unsold after six (6) months, the Developer must present an updated sales and marketing plan to the County outlining steps being taken to identify buyers. At the County's option, the Developer may be required to i) take further steps--such as listing the home with a licensed realtor, adjusting the sales price, etc.—as the County may require to facilitate the sale of the home or ii) to transfer title to the County or to another entity selected by the County that can otherwise identify buyers prior to the regulatory deadline.

At the County's option, if a unit remains unsold after nine (9) months, the developer shall be required i) to repay the entire HOME investment, including any County project soft costs; ii) to convert the project to rental housing in accordance with 24 CFR 92.252; or iii) to transfer title to the County or to another entity selected by the County for conversion to rental housing.

Units converted to rental housing must be rented to eligible tenants in accordance with 24 CFR 92.252, which includes tenant income eligibility and rent limit requirements. Further, any units converted to rental properties shall be operated in compliance with the County's Rental Housing Program guidelines.

## B. Reporting and Record Keeping

To allow effective oversight of funded projects and document compliance with applicable HOME requirements, all projects must submit periodic reports to the County. While this section outlines standard reporting requirements, the County reserves the right to require additional reporting or to alter the reporting format or frequency based on future changes to HOME requirements or County policy. Additionally the County reserves the right to require additional or more frequent reporting for projects with compliance deficiencies.

- i. Developers are required to report quarterly during the development phase and sales phase. Quarterly reports will be due on the 15<sup>th</sup> of the month following the end of the prior quarter (e.g. by April 15<sup>th</sup> reports on the first quarter are due);
  - During the construction phase, developers must provide monthly reports detailing construction progress and barriers to progress, copies of invoices being paid, and evidence of appropriate lien waivers.
  - During the sales phase, developers are required to provide monthly reports detailing the number of additional sales, total sales, and marketing activity. These reports are required until all units are sold.
- ii. The County may require more frequent reporting due to findings identified during the development and sales phases.
- iii. At the County's option, Developers may be required to obtain and submit an audit of project costs (i.e. cost certification) prepared by an independent Certified Public Account.
- iv. Developers shall allow County, HUD, State of Alabama, the Comptroller General of the United States (aka the GAO), and all other pertinent Federal or State agencies or their designated representative the right to inspect records and property.

## C. Conflict of Interest

To comply with HOME requirements and to maintain a high standard of accountability to the public, conflicts of interest and perceived conflicts of interest must be avoided.

Developers shall maintain compliance with all HUD conflict of interest provisions as stated in 92.356(f).

Developers with officers, employees, family members, consultants, or agents that are otherwise eligible to purchase HOME funded-units must receive waiver/approval from County staff before entering into a sales agreement with HOME eligible employees. 92.356(f) provisions apply to all HOME projects.



## 5. Structure of Transaction

### A. Loan Types and Terms

The County will provide HOME funds in the form of a loan to the entity that owns the property. No grants will be awarded, and funding commitments are not transferable without prior written County approval.

The County's HOME Loan may be used for acquisition and construction financing. Proceeds of the HOME loan will only be released following satisfaction of all requirements outlined below.

In all cases, the HOME loan will:

- i. Have a maximum term of 2 years;
- ii. Be repayable in full upon sale, refinancing, or transfer of the property or upon maturity, except that repayment will be limited to the net proceeds of a County-approved sale to a low-income buyer. Net sales proceeds will exclude any portion of the sale proceeds used to repay senior construction debt, return of County-recognized developer equity, approved sales costs, and any HOME-assistance transferred to the buyer(s) at closing as direct homebuyer assistance.; and
- iii. Secured with a promissory note, mortgage, and appropriate UCC liens. Mortgages will be recorded with the Mobile Country Recorder of Deeds and generally may be subordinate only to an approved amortizing first mortgage.

### B. Guarantees

Unless otherwise determined by the County, all underlying individuals, corporate entities, partnerships, or limited liability companies with an interest in the project will be required to provide a completion guarantee including provisions guaranteeing construction completion of the project. For nonprofit organizations, including community housing development organizations (CHDOs), a guarantee shall not be required, but in all cases the County may require a performance bond or irrevocable letter of credit acceptable to the County to ensure project completion.

### C. HOME Agreement

In addition to any financing documents, developers of HOME-financed projects must sign a HOME agreement with the County. The HOME agreement will identify requirements for compliance with the HOME regulations and the County's Single-Family Housing Development Program requirements and will remain in effect in the event of any prepayment of the HOME loan.

## 6. Underwriting & Subsidy Layering Reviews

### A. Market Demand

Developers must, as part of their application, provide evidence of sufficient demand for the proposed units. Developers shall provide information from the multiple listing service pertaining to recent sales in the neighborhood, average time on the market for recent sales, availability of other product and average “months of supply” currently available, and any known or planned projects.

Additionally, Developers must complete the HOME Sales and Marketing Plan, identifying among other items the profile of typical buyers, relationships with homeownership counseling agencies or other sources of buyer referrals, and plans for marketing the homes.

In some cases, the County may only commit to a specific project (or may limit the number of projects under construction by a given developer) upon demonstration that a home has been pre-sold to an identified low-income buyer who has, at least, executed a reservation or initial purchase agreement with the Developer.

### B. Project Underwriting

- All HOME applications must include financial statements from all underlying owners and guarantors. Developers must have a net worth equal to 10% of the total development cost with net liquid assets equal to 3% of the total development cost.
- Applicant must provide the amounts and terms for any other financing being provided to the project.

### C. Proforma Requirements

The proforma must explicitly show:

- i. An itemized breakdown of development hard and soft costs by unit including any allowances for soft costs such as architectural fees, carrying costs, etc;
- ii. The hard costs of any stand-alone accessory buildings, including free-standing garages, carports, or storage structures should be specifically itemized in the Development Sources and Uses so that the County can complete preliminary HOME cost allocation calculations. (Stand-alone accessory structures like a detached garage may be included in the project but are not HOME-eligible and must be paid for with another funding source.)
- iii. Costs and fees to be paid to the County as permitted by the HOME program. The HOME program allows the County to include, as project costs, its internal soft costs specifically attributable to the project. These may include consulting, legal, inspection, and staff costs associated with reviewing, processing, and monitoring award of funds to a project. The County will notify Developers of the amounts to



include in their Development Sources and Uses for “Mobile County-Lender Due Diligence & Legal Costs.”

- iv. Estimates of the sales transaction to an eligible homebuyer, including a calculation of the proposed buyer’s ability to qualify for a mortgage meeting County requirements, the anticipated need to provide direct HOME assistance (e.g. downpayment and closing cost assistance) to the buyer, projected sales costs (e.g. realtor’s commissions), and the distribution of sales proceeds (including toward repayment of private construction financing)

#### D. Cost Limitations

All project costs must be reasonable and customary. The County reserves the right to review any line-item cost to ensure that total project costs are not excessive. Additionally, HOME projects will be subject to the following specific cost limitations:

- i. The maximum allowable developer fee is 15% total development costs.
- ii. Acquisition costs are limited to fair market value as determined by a third party appraisal.
- iii. Unless prior approval has been obtained from the County, all project hard costs and all project professional fees should be the result of a competitive bidding process. While developers are not subject to federal procurement rules and may use less formal bid processes, the County generally expects developers to seek multiple bids and identify the most advantageous bidder based on cost, track record, and other pertinent factors.

#### E. Other Public Funding Sources

Developers must disclose all other public source or applications for funding with initial HOME Single-Family Housing Development application to the County at the time of application and upon receiving any additional commitments of public source funding. The County will conduct a subsidy layering review as part of the underwriting process for any project that includes other public subsidies. Using its underwriting criteria, the County will assess the project and may require changes to the transaction to ensure that return to the owner/developer are not excessive. Changes may include a reduction in HOME funds awarded.

The County will consider adjusting its underwriting in consultation with other public funders, if applicable to the project. The County retains, at its sole discretion, the power to decide whether to accept alternative standards.

## 7. Construction Process

### A. County Construction Inspections

The County must be provided with copies of all contractor invoices and provided reasonable notice of monthly draw inspections during the construction period. County staff will participate in all draw reviews whether or not the specific draw is being funded with HOME or other project funds and conduct inspections to ensure that the project is progressing and that work completed is consistent with all applicable HOME requirements.

### B. Davis Bacon

When Davis Bacon applies to a project, the County must be provided with compliance documentation throughout the construction period. Prior to commencing construction, the County must approve current wage determinations applicable to the project. The contractor will be required to provide weekly payroll forms to the County and allow access to the site and workers for the purpose of completing worker interviews.

### C. Drawing County HOME Funds

Proceeds of the HOME loan will only be released as reimbursement for eligible project costs following:

- i. Review and acceptance of appropriate source documentation by the County including evidence of appropriate lien waivers and/or title endorsements.
- ii. A determination by the County that all HOME requirements pertaining to the development of the Project have been met, including but not limited to monitoring of Davis Bacon compliance.

For nonprofit developers, including CHDOs, the County may release payment based upon outstanding invoices for costs incurred and work completed. In such cases, the County reserves the right to disburse through a title company, directly to the vendor, or with two-party checks.

### D. Project Closeout

Developers are required to submit demographic data for all homebuyers of HOME funded units. Data shall include elderly status, race, gender, female head of household, number of household members, and percent of area median income.

The County requires a copy of the final project sources and uses statement and, at the County's option, may require the submission of the project cost certification prepared by an independent Certified Public Accountant following completion of construction and payment of all development costs.



## Exhibit A - Application Requirements and Due Diligence Exhibits

**Instructions:** To apply for funding, applicants must submit all materials required by the County's HOME request for proposals. Applicants will need to submit all items prior to receiving a formal commitment of funds from the County and should submit all items that are available with their initial application.

The County reserves the right to require additional due diligence items as needed to evaluate the project, document compliance with HOME and other applicable federal regulations. Additionally, following a commitment of HOME funds, additional items will be required in order to close on the County's HOME loan.

### Application

- ☐ Complete Response to Request for Proposals including all required certifications and attachments
- ☐ Executive Summary containing a brief synopsis of the proposed development and number of units, location, project costs and the proposed financing. The Summary should also have a brief description of the proposed complex (frontal elevation and floor plan only—detailed drawings are not required with RFP), proposed site plan, amenities, and accessibility/adaptability provisions.

### **Market Data**

- ☐ As-built/as-completed appraisal—compare to current HOME maximum sales price limit
- ☐ Recent sale data for neighborhood—assess sales for comparison to planned units, pricing, time on market, etc.
- ☐ Evidence of demand—applications/waiting lists, counseling pipelines, or analysis of the pool of potential buyers in eligible income range

### **Developer Capacity & Fiscal Soundness**

Developer statement of qualifications that identifies

- Recently completed comparable projects
- All projects underway and/or pending
- Staff assigned to this project and their roles and experience
- Disclosure of any identity of interest purchases/contracting relationships

Individual resumes, copies of appropriate licenses and/or professional certifications

Current balance sheet

Current year budget with comparison of actual performance YTD vs. projections

Most recent corporate audit or reviewed financial statements

Most recent tax returns (990s for nonprofit developers)

Authority to Release Confidential Information, which is included in the Application Cover Sheet certification. Will allow County to:

- Contact Banking references

- Obtain developer's corporate credit report (e.g. Dun & Bradstreet) or personal credit report (e.g. sole proprietors, S-corps, etc.)

Completed CHDO Staff Experience & Organizational Capacity Checklist (as applicable)

#### **Site and Product**

- ☐ Evidence of site control (e.g. option, purchase agreement, or deed)
- ☐ Uniform Relocation Act documentation
  - URA Notice to Seller of Voluntary Sale
  - Seller certification regarding vacancy (as applicable)
  - Rent Roll and evidence of General Information Notices to existing tenants (occupied properties only)
- ☐ Title insurance commitment
- ☐ Documentation of existing property value (e.g. tax assessment, appraisal, etc.)
- ☐ Assessment record—or other public record documenting date of original construction for rehabilitation projects, shows applicability of LBP and/or historic reviews
- ☐ Site specific environmental record and (as applicable) estimate of remediation costs
  - Radon and mold testing (as applicable)
  - LBP risk assessment (as applicable)
- ☐ Evidence of subdivision approval (as applicable)
- ☐ Documentation of utility availability and connection costs
  - Water/sewer, electric, gas
- ☐ Plans and specifications, including site plan and elevation drawings
- ☐ Zoning/site plan and building/code review approvals

#### **Underwriting/Financial Projections**

- ☐ Proforma showing all project costs, construction sources, and estimated sales proceeds
- ☐ Commitments for other financing, both permanent and construction loan sources
- ☐ Documentation of construction/rehabilitation costs (e.g. estimate by qualified individual, bids, contract documents)
- ☐ Estimates/documentation of professional services and soft costs (e.g. architectural fees, construction period taxes/insurance, marketing expenses, realtor listing agreement, etc.)

#### **Sales Effort and Buyer Information**

- ☐ Sales & Marketing plan outlining
  - Description of primary market and outreach strategies
  - Availability of homebuyer counseling services and appropriate referral plan
  - Availability of appropriate first mortgage products



- ☐ Waiting list(s) of interested buyers or documentation regarding homeownership counseling participants—compare demographics to underwriting assumptions about buyer incomes, mortgage capacity, down-payment/closing cost or other direct financing assistance needed
- ☐ Formal reservations or pre-sales agreements for planned units
- ☐ For identified buyers:
  - Income verification package
  - Homebuyer Counseling certificate
  - Mortgage pre-qualification or approval
  - Documentation of buyer cash contribution toward down-payment/closing costs

## **Exhibit B - HUD Maximum Purchase Price Limits**

### **2014 HOME Homeownership Value Limits for Mobile, Alabama MSA**

**(Annually Updated by HUD)**

Maximum Value Sales Price for new construction single family: \$195,000

Maximum Value/Sales Price (as completed) for existing housing: \$132,000